



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

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**California Department of Corporations Launches Rare, Unannounced
“Sweep” of Broker/Dealer Offices to Weed Out Fraudulent Sales Tactics**

Department Examiners Today Begin Sweep of Various Locations Throughout California

SACRAMENTO --- Due to recent accounts of an increase in fraudulent sales tactics used by agents pushing unsuitable investments to the public, the Department of Corporations today launched an extremely rare “sweep” of broker/dealer offices throughout California to identify and stop illegal sales activity.

Although most of the details of the sweep are confidential, the Department will be focusing in the area of variable annuities – a complex combination of insurance and securities investments. Specifically, department officials will closely examine records to determine the suitability of the investments sold to the public.

Recent news accounts have highlighted the extreme danger to the public involving variable annuity products, which are often targeted at unsuspecting and vulnerable investors by agents who are usually rewarded with substantial commissions from insurance companies. The North American Securities Administrators Association recently identified variable annuities as among the nation’s most abuse-prone investments, and the Department of Corporations lists variable annuities as one of the top ten investment scams to watch out for.

The Department’s sweep of broker/dealer offices locations begins today and will continue for approximately three weeks. Results of the sweep and any subsequent actions may be released after a review of the findings by the Department.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department’s web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).